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The AGRICULTURAL OUTLOOK DIGEST

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Continued strong demand in the United States but some decline in exports is in prospect for farm products during the rest of 1952.

The outlook for strong demand for farm products in the U. S. rests on the prospect of record economic activity this year.

The national security program is still the major factor in the overall outlook. According to current schedules, spending for defense will continue to rise until the end of 1952 and then level off. At that time, defense expenditures probably will make up 17 to 18% of total U. S. spending, both private and public, compared with 14% in the first quarter.

Consumer spending also is likely to pick up moderately. During the lull in consumer buying since mid-1951, consumers have built up savings, largely in liquid forms, and paid off debts. Some of the goods bought during the buying waves after Korea are wearing out and will be replaced.

Spending for investment will be high but the rate will probably decline. Business men will continue to build up their plants and equipment but expenditures for these purposes by the end of the year probably will fall below the current record rate. Some reduction in inventories and smaller net investment abroad also are in the picture. Consequently, total investment outlays in the last quarter of this year probably will be down somewhat from the first quarter.

For 1952, as a whole, total spent by consumers, business and government probably will exceed 1951 by around 5%. This would mean higher industrial production and employment and some gain in consumer income, after taxes.

Smaller quantities of the major export farm commodities probably will be shipped abroad than last year. Wheat exports probably will fall below 1951 when sales were stimulated by the low quality of Canadian grain. Fats and oils exports last year were boosted by the small olive crops in Spain and Italy; probably will fall off this year. Britain's effort to save dollars probably will reduce her takings of U. S. tobacco.

With export prices of U. S. farm products likely to be somewhat lower than in 1951, total value of our agricultural exports this year may be off as much as a tenth from 1951. Most of the reduction will come in the second half.

Combined output of meat animals, dairy and poultry products is expected to top 1951. So far this year, marketings from last year's crops have exceeded those of the same period a year ago. It's still too early for more than tentative estimates of 1952 crop output. However, early indications point to about the same planted acreage as last year. If the weather is average, total quantity of products farmers sell or use at home probably will exceed 1951.

The price cost squeeze on agriculture which began last year is expected to continue. Prices received by farmers in mid-April were 7% below the peak of February, 1951. On the other hand, prices paid, including interest, taxes and wage rates, averaged 5% above February 1951 and were at a record level.

Prospects for demand and supply this year indicate that prices farmers receive for all of 1952 may average at about current levels. During the first 4 months of 1952, prices were 3% below the average for all of 1951. Prices paid probably will be above last year.

The volume of products sold this year may be up enough to offset lower prices. Cash receipts may rise a little. The gain probably will be at least offset by higher production costs and net income of farm operators probably will be about the same or slightly less than in 1951.

Farmers costs of living will be at least as high as last year. The purchasing power of farmers' net income probably will be lower than in any year of the last decade except 1950.

LIVESTOCK AND MEAT During the rest of 1952, pork production will fall below a year earlier while beef, veal and lamb output will be higher. In the first 3 months of 1952, production of lamb and mutton was up 21% from a year earlier while pork was up 14%. Total beef and veal production was about the same.

During the next two or 3 months, seasonally rising prices are in prospect for all meat animals except the higher grades of cattle which may decline as marketings reach a peak.

DAIRY PRODUCTS Milk production for the rest of the year probably will be below 1951. Demand will continue strong and prices probably will average higher than last year. Both cash receipts and costs of dairymen in 1952 will be up from 1951.

Dairy products began moving into storage in volume recently. Stocks are well below a year ago; those of butter are near the lowest of record.

POULTRY AND EGGS Poultrymen had about 9% more young chickens on farms April 1 than a year earlier and their laying flocks totaled a little larger. Consequently, egg production through the rest of 1952 probably will run above a year earlier and prices will continue below 1951 levels.

Farmers' intentions in early February indicated that chickens raised for flock replacement in all of 1952 would be a tenth below last year. This could still occur, but it would not affect egg production until early 1953.

FATS AND OILS Prices generally continued downward in April, the index of the 26 major fats and oils, except butter, was 53% below a year earlier, 50% below the 1947-49 average. Prices of inedible tallow and greases are now below prewar levels. Stocks of primary food fats on April 1 were half again larger than a year earlier and the largest in many years.

FEED Stocks of corn, oats and barley on April 1 were about 16% smaller than on same date last year. Disappearance of corn in the January-March quarter was heaviest in recent years as farmers fed high moisture grain heavily. Corn supplies this spring and summer probably will be fairly tight.

WHEAT Prospects this spring point to another large wheat crop, if the weather is average or better. The winter crop was estimated at 947 million bushels in early April. If farmers plant the acreage to spring wheat that they intended in March and yields are average, 307 million bushels would be produced. Two hundred seventy million bushels of old wheat expected to be carried over into the 1952-53 marketing season.

FRUITS Another large crop of deciduous fruits was indicated by early spring prospects and carryover stocks of canned fruits are large. With demand expected to be about the same as last year, fruit prices in 1952 may average a little lower.

Output of frozen concentrated orange juice by early April was twice the volume of a year earlier. However, canned single strength orange juice production was down.

VEGETABLES A slightly smaller supply of fresh vegetables for spring markets is in prospect, though estimates are not yet available for all crops. Increases are expected for early spring onions, lettuce, cabbage and spring carrots; declines for celery, cucumbers, tomatoes, snap beans, green peppers and cauliflower.

Farmers acreage plans for 1952 indicate only a slight increase in potato production if yields are average. However, relatively high prices and the intentions for a small acreage may encourage farmers to plant a larger acreage.

COTTON Consumption of cotton in the U. S. was at an annual rate of 9.5 million bales in the first 9 months of the current season. However, consumption fell off more than seasonally from February to March. Total for year may be near 9.5 million bales, though it may drop as much as 300 thousand bales below this figure.

TOBACCO Cigarette consumption in the first quarter of 1952 was nearly equal to the record set a year ago; shipments overseas also were high. Total for the year may equal or exceed the record of 1951. This will keep demand for cigarette tobaccoes strong.

WOOL U. S. mill consumption of wool was at the lowest level since 1949 in early 1952. However, demand is expected to pickup as inventories become more nearly in line with sales. Consumption for all of 1952 probably will be about the same as last year.